

AMENDED IN ASSEMBLY MARCH 15, 2012

AMENDED IN ASSEMBLY MARCH 8, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 1585**

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**Introduced by Assembly Members John A. Pérez, Atkins, Dickinson,  
Hill, Mitchell, Perea, and Torres**

February 2, 2012

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An act to amend Sections 34171, 34173, 34176, 34177, 34179, 34180, 34181, 34182, 34183, 34187, and 34189 of the Health and Safety Code, relating to redevelopment, and declaring the urgency thereof, to take effect immediately.

### LEGISLATIVE COUNSEL’S DIGEST

AB 1585, as amended, John A. Pérez. Redevelopment.

Existing law—~~dissolves~~ *dissolved* redevelopment agencies and community development agencies, as of February 1, 2012, and ~~designates~~ *provides for the designation of* successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, repay enforceable obligations, as defined, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities.

Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.

This bill would modify the scope of the term “enforceable obligation” and modify provisions relating to the transfer of housing funds and responsibilities associated with dissolved redevelopment agencies. The bill would provide that any amounts on deposit in the Low and Moderate Income Housing Fund of a dissolved redevelopment agency be transferred to specified entities. The bill would make conforming changes.

Existing law provides that, upon a specified date, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid. Notwithstanding this provision, an agreement that provided loans or other startup funds for the agency that was entered into within 2 years of the formation of the agency is valid and binds the successor agency.

The bill would expand this exception to include an agreement involving a loan specific to a project area and other specified obligations. The bill would provide that other loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it are deemed to be enforceable obligations, except as specified. The bill would further expand upon, and clarify, the scope of the successor agency’s and the oversight board’s responsibilities.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 34171 of the Health and Safety Code is  
2     amended to read:  
3     34171. The following terms shall have the following meanings:  
4     (a) “Administrative budget” means the budget for administrative  
5     costs of the successor agencies as provided in Section 34177.  
6     (b) “Administrative cost allowance” means an amount that,  
7     subject to the approval of the oversight board, is payable from  
8     property tax revenues of up to 5 percent of the property tax  
9     allocated to the former redevelopment agency and successor agency  
10    for the 2011–12 fiscal year and up to 3 percent of the property tax  
11    allocated to the Redevelopment Obligation Retirement Fund money  
12    that is allocated to the successor agency for each fiscal year

1 thereafter, except as provided by subdivision (l) of Section 34180;  
2 provided, however, that the amount shall not be less than two  
3 hundred fifty thousand dollars (\$250,000) for any fiscal year or  
4 such lesser amount as agreed to by the successor agency. However,  
5 the allowance amount shall exclude any administrative costs that  
6 can be paid from bond proceeds or from sources other than property  
7 tax. Employee costs associated with work on specific project  
8 implementation activities, including, but not limited to, construction  
9 inspection, project management, or actual construction, shall be  
10 considered project-specific costs and are not administrative costs.

11 (c) "Designated local authority" shall mean a public entity  
12 formed pursuant to subdivision (d) of Section 34173.

13 (d) (1) "Enforceable obligation" means any of the following:

14 (A) Bonds, as defined by Section 33602 and bonds issued  
15 pursuant to Section 5850 of the Government Code, including the  
16 required annual debt service, reserve set-asides, and any other  
17 payments required under the indenture or similar documents  
18 governing the issuance of the outstanding bonds of the former  
19 redevelopment agency.

20 (B) Loans of moneys borrowed by the redevelopment agency  
21 for a lawful purpose, to the extent they are legally required to be  
22 repaid pursuant to a required repayment schedule or other  
23 mandatory loan terms.

24 (C) Payments required by the federal government, preexisting  
25 obligations to the state or obligations imposed by state law, other  
26 than passthrough payments that are made by the county  
27 auditor-controller pursuant to Section 34183, or legally enforceable  
28 payments required in connection with the agencies' employees,  
29 including, but not limited to, pension payments, pension obligation  
30 debt service, unemployment payments, or other obligations  
31 conferred through a collective bargaining agreement. Costs incurred  
32 to fulfill collective bargaining agreements for layoffs or  
33 terminations of city employees who performed work directly on  
34 behalf of the former redevelopment agency shall be considered  
35 enforceable obligations payable from property tax funds. The  
36 obligations to employees specified in this subparagraph shall  
37 remain enforceable obligations payable from property tax funds  
38 for any employee to whom those obligations apply if that employee  
39 is transferred to the entity assuming the housing functions of the  
40 former redevelopment agency pursuant to Section 34176. The

1 successor agency or designated local authority shall enter into an  
2 agreement with the housing entity to reimburse it for any costs of  
3 the employee obligations.

4 (D) Judgments or settlements entered by a competent court of  
5 law or binding arbitration decisions against the former  
6 redevelopment agency, other than passthrough payments that are  
7 made by the county auditor-controller pursuant to Section 34183.  
8 Along with the successor agency, the oversight board shall have  
9 the authority and standing to appeal any judgment or to set aside  
10 any settlement or arbitration decision.

11 (E) Any legally binding and enforceable agreement or contract  
12 that is not otherwise void as violating the debt limit or public  
13 policy. However, nothing in this act shall prohibit either the  
14 successor agency, with the approval or at the direction of the  
15 oversight board, or the oversight board itself from terminating any  
16 existing agreements or contracts and providing any necessary and  
17 required compensation or remediation for such termination.

18 (F) Contracts or agreements necessary for the administration or  
19 operation of the successor agency, in accordance with this part,  
20 including, but not limited to, agreements to purchase or rent office  
21 space, equipment and supplies, and pay-related expenses pursuant  
22 to Section 33127 and for carrying insurance pursuant to Section  
23 33134.

24 (G) Amounts borrowed from or payments owing to the Low  
25 and Moderate Income Housing Fund of a redevelopment agency,  
26 which had been deferred as of the effective date of the act adding  
27 this part; provided, however, that the repayment schedule is  
28 approved by the oversight board. Repayments shall be made to  
29 the Low and Moderate Income Housing Fund maintained by the  
30 entity assuming the housing functions formerly performed by the  
31 redevelopment agency, as described in Section 34176.

32 (2) (A) Except as specifically provided in this part, “enforceable  
33 obligation” does not include any agreements, contracts, or  
34 arrangements between the city, county, or city and county that  
35 created the redevelopment agency and the former redevelopment  
36 agency. However, written agreements entered into (i) at the time  
37 of issuance, but in no event later than December 31, 2010, of  
38 indebtedness obligations, and (ii) solely for the purpose of securing  
39 or repaying those indebtedness obligations may be deemed  
40 enforceable obligations for purposes of this part.

1 (B) Loan agreements entered into between the redevelopment  
2 agency and the city, county, or city and county that created it,  
3 within two years of the date of creation of the redevelopment  
4 agency, or within two years of the date of the creation of a project  
5 area if the loan is specific to that project area, and any obligations  
6 imposed by paragraph (1) of subdivision (d) of Section 33691 may  
7 be deemed to be enforceable obligations.

8 (C) Other loan agreements entered into between the  
9 redevelopment agency and the city, county, or city and county that  
10 created it shall be deemed to be enforceable obligations, if the  
11 conditions of subdivision (k) of Section 34180 are met.

12 (3) Contracts or agreements between the former redevelopment  
13 agency and other public agencies, to perform services or provide  
14 funding for governmental or private services or capital projects  
15 outside of redevelopment project areas that do not provide benefit  
16 to the redevelopment project and thus were not properly authorized  
17 under Part 1 (commencing with Section 33000) shall be deemed  
18 void on the effective date of this part; provided, however, that such  
19 contracts or agreements for the provision of housing properly  
20 authorized under Part 1 (commencing with Section 33000) shall  
21 not be deemed void.

22 (e) "Indebtedness obligations" means bonds, notes, certificates  
23 of participation, or other evidence of indebtedness, issued or  
24 delivered by the redevelopment agency, or by a joint exercise of  
25 powers authority created by the redevelopment agency, to  
26 third-party investors or bondholders to finance or refinance  
27 redevelopment projects undertaken by the redevelopment agency  
28 in compliance with the Community Redevelopment Law (Part 1  
29 (commencing with Section 33000)).

30 (f) "Oversight board" shall mean each entity established pursuant  
31 to Section 34179.

32 (g) "Recognized obligation" means an obligation listed in the  
33 Recognized Obligation Payment Schedule.

34 (h) "Recognized Obligation Payment Schedule" means the  
35 document setting forth the minimum payment amounts and due  
36 dates of payments required by enforceable obligations for each  
37 six-month fiscal period or annual period as provided in subdivision  
38 (l) of Section 34177.

39 (i) "School entity" means any entity defined as such in  
40 subdivision (f) of Section 95 of the Revenue and Taxation Code.

(j) “Successor agency” means the county, city, or city and county that authorized the creation of each redevelopment agency acting in its separate capacity as a successor agency or another entity as provided in Section 34173.

(k) “Taxing entities” means cities, counties, a city and county, special districts, and school entities, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, that receive passthrough payments and distributions of property taxes pursuant to the provisions of this part.

SEC. 2. Section 34173 of the Health and Safety Code is amended to read:

34173. (a) Successor agencies, as defined in this part, are hereby designated as successor entities to the former redevelopment agencies. A successor agency shall constitute a legally distinct and separate body that acts, by resolution, on its own behalf and shall have all the powers and duties set forth herein, the power to sue and be sued, and such additional powers as may be conferred upon it.

(b) Except for those provisions of the Community Redevelopment Law that are repealed, restricted, or revised pursuant to the act adding this part, all authority, rights, powers, duties, and obligations previously vested with the former redevelopment agencies, under the Community Redevelopment Law, are hereby vested in the successor agencies.

(c) (1) Where the redevelopment agency was in the form of a joint powers authority, and where the joint powers agreement governing the formation of the joint powers authority addresses the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part and each shall have a share of assets and liabilities based on the provisions of the joint powers agreement.

(2) Where the redevelopment agency was in the form of a joint powers authority, and where the joint powers agreement governing the formation of the joint powers authority does not address the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part, a proportionate share of the assets and liabilities shall be based on the assessed value in the project areas

1 within each entity's jurisdiction, as determined by the county  
2 assessor, in its jurisdiction as compared to the assessed value of  
3 land within the boundaries of the project areas of the former  
4 redevelopment agency.

5 (d) (1) A city, county, city and county, or the entities forming  
6 the joint powers authority that authorized the creation of each  
7 redevelopment agency may elect not to serve as a successor agency  
8 under this part. A city, county, city and county, or any member of  
9 a joint powers authority that elects not to serve as a successor  
10 agency under this part must file a copy of a duly authorized  
11 resolution of its governing board to that effect with the county  
12 auditor-controller no later than January 13, 2012.

13 (2) The determination of the first local agency that elects to  
14 become the successor agency shall be made by the county  
15 auditor-controller based on the earliest receipt by the county  
16 auditor-controller of a copy of a duly adopted resolution of the  
17 local agency's governing board authorizing such an election. As  
18 used in this section, "local agency" means any city, county, city  
19 and county, or special district in the county of the former  
20 redevelopment agency.

21 (3) If no local agency elects to serve as a successor agency for  
22 a dissolved redevelopment agency, a public body, referred to herein  
23 as a "designated local authority" shall be immediately formed,  
24 pursuant to this part, in the county and shall be vested with all the  
25 powers and duties of a successor agency as described in this part.  
26 The Governor shall appoint three residents of the county to serve  
27 as the governing board of the authority. The designated local  
28 authority shall serve as successor agency until a local agency elects  
29 to become the successor agency in accordance with this section.

30 (4) A city, county, or city and county, or the entities forming  
31 the joint powers authority that authorized the creation of a  
32 redevelopment agency and that elected not to serve as the successor  
33 agency under this part, may subsequently reverse this decision and  
34 agree to serve as the successor agency pursuant to this section.

35 (e) The liability of any successor agency, acting pursuant to the  
36 powers granted under the act adding this part, shall be limited to  
37 the extent of the total sum of property tax revenues it receives  
38 pursuant to this part and the value of assets transferred to it as a  
39 successor agency for a dissolved redevelopment agency.

1 SEC. 3. Section 34176 of the Health and Safety Code is  
2 amended to read:

3 34176. (a) The city, county, or city and county that authorized  
4 the creation of a redevelopment agency may elect to retain the  
5 housing assets and functions previously performed by the  
6 redevelopment agency. If a city, county, or city and county elects  
7 to retain the responsibility for performing housing functions  
8 previously performed by a redevelopment agency, all rights,  
9 powers, duties, and obligations associated with the housing  
10 activities of the agency, including any amounts on deposit in the  
11 Low and Moderate Income Housing Fund, shall be transferred to  
12 the city, county, or city and county. Any funds transferred to the  
13 city, county, or city and county pursuant to this subdivision shall  
14 be maintained in a separate Low and Moderate Income Housing  
15 Fund and expended pursuant to the provisions of the Community  
16 Redevelopment Law relating to the Low and Moderate Income  
17 Housing Fund.

18 (b) If a city, county, or city and county does not elect to retain  
19 the responsibility for performing housing functions previously  
20 performed by a redevelopment agency, all rights, powers, assets,  
21 liabilities, duties, and obligations associated with the housing  
22 activities of the agency, including any amounts in the Low and  
23 Moderate Income Housing Fund, shall be transferred as follows:

24 (1) Where there is one local housing authority in the territorial  
25 jurisdiction of the former redevelopment agency, to that local  
26 housing authority.

27 (2) Where there is more than one local housing authority in the  
28 territorial jurisdiction of the former redevelopment agency, to the  
29 local housing authority selected by the city, county, or city and  
30 county that authorized the creation of the redevelopment agency.

31 (3) Where there is no local housing authority in the territorial  
32 jurisdiction of the former redevelopment agency or where the local  
33 housing authority selected does not accept the responsibility for  
34 performing housing functions previously performed by the former  
35 redevelopment agency, to the Department of Housing and  
36 Community Development. Funds shall be deposited into the State  
37 Low and Moderate Income Housing Trust Fund and awarded on  
38 a competitive basis to projects within the counties in which the  
39 funds were collected. Priority shall be given to eligible projects  
40 for extremely low, very low, and low-income projects.

(c) Commencing on the operative date of this part, the entity assuming the housing functions formerly performed by the redevelopment agency shall enforce affordability covenants and perform related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000), including, but not limited to, Section 33418.

~~(d) If the city, county, or city and county, or other public entity that performs housing functions pursuant to this section has not expended or encumbered~~ *The succeeding housing entity shall contract to expend at least 80 percent of the moneys in the Low and Moderate Income Housing Fund within four two years of the date of receipt of those moneys by the entity assuming housing responsibilities pursuant to this part. If within four years of the date of receipt of those moneys the succeeding housing entity has not spent the money in the Low and Moderate Income Housing Fund, then the excess amount, minus the amount necessarily reserved for the ongoing monitoring and maintenance of affordable housing projects, shall be transferred to the State Low and Moderate Income Housing Trust Fund, which is hereby created, for expenditure by the Department of Housing and Community Development for the purpose of increasing the supply of low- and moderate-income housing in the county with priority given to extremely low, very low, and low-income projects. Excess funds shall not be transferred to the department if the succeeding housing entity applies for, and receives, a waiver from the department. If a waiver is granted, funds shall remain with the entity for an additional two years from the date of waiver approval. In approving a waiver, the department shall consider, among other factors, whether the city, county, or city and county, or housing authority has a site specific project plan with local approvals, including the issuance of building permits, whether the project has secured financing, and evidence that some funds have been expended from the Low and Moderate Income Housing Fund.* A succeeding housing entity may reapply at the end of the two-year period for a renewal of the previously granted waiver.

(e) *A succeeding housing entity may transfer all or a portion of the moneys in the Low and Moderate Income Housing Fund to another succeeding housing entity within the county where the moneys were collected, to be spent on affordable housing if all of the following conditions are met:*

1     (1) *The funds shall be spent on projects that primarily benefit*  
2     *low-income families or families that are below low income.*

3     (2) *Both succeeding housing entities involved in the transfer*  
4     *adopt a resolution detailing the need for the transfer of funds and*  
5     *the intended use of the funds by the receiving jurisdiction.*

6     (3) *The funds shall be spent in compliance with subdivision (d).*

7     (f) *The succeeding housing entity shall, within 45 days of the*  
8     *date the act amending this section takes effect or 45 days from*  
9     *receipt of moneys for the Low and Moderate Income Housing*  
10    *Fund, whichever date is later, notify the department of the amount*  
11    *of moneys on deposit in the Low and Moderate Income Housing*  
12    *Fund and that entity's plan for spending the funds. Two years from*  
13    *this date, the succeeding housing entity shall report to the*  
14    *department the percentage of funds that it has entered into contract*  
15    *to spend. Within four years of receipt of the funds, the succeeding*  
16    *housing entity shall report to the department if there are remaining*  
17    *moneys in the Low and Moderate Income Housing Fund and if it*  
18    *will apply for a waiver specified in subdivision (d) or whether the*  
19    *excess amount will be transferred to the department.*

20    (g) *For purposes of this section, "succeeding housing entity"*  
21    *means the entity that assumes responsibility for retaining the*  
22    *housing assets and functions previously performed by a*  
23    *redevelopment agency, as described in subdivisions (a) and (b).*

24    SEC. 4. Section 34177 of the Health and Safety Code is  
25    amended to read:

26    34177. Successor agencies are required to do all of the  
27    following:

28    (a) Continue to make payments due for enforceable obligations.

29    (1) On and after February 1, 2012, and until a Recognized  
30    Obligation Payment Schedule becomes operative, only payments  
31    required pursuant to an enforceable obligations payment schedule  
32    shall be made. The initial enforceable obligation payment schedule  
33    shall be the last schedule adopted by the redevelopment agency  
34    under Section 34169. However, payments associated with  
35    obligations excluded from the definition of enforceable obligations  
36    by paragraph (2) of subdivision (e) of Section 34171 shall be  
37    excluded from the enforceable obligations payment schedule and  
38    be removed from the last schedule adopted by the redevelopment  
39    agency under Section 34169 prior to the successor agency adopting  
40    it as its enforceable obligations payment schedule pursuant to this

1 subdivision. The enforceable obligation payment schedule may  
2 be amended by the successor agency at any public meeting and  
3 shall be subject to the approval of the oversight board as soon as  
4 the board has sufficient members to form a quorum.

5 (2) The Department of Finance and the Controller shall each  
6 have the authority to require any documents associated with the  
7 enforceable obligations to be provided to them in a manner of their  
8 choosing. Any taxing entity, the department, and the Controller  
9 shall each have standing to file a judicial action to prevent a  
10 violation under this part and to obtain injunctive or other  
11 appropriate relief.

12 (3) Commencing on the date the Recognized Obligation Payment  
13 Schedule is valid pursuant to subdivision (l), only those payments  
14 listed in the Recognized Obligation Payment Schedule may be  
15 made by the successor agency from the funds specified in the  
16 Recognized Obligation Payment Schedule. In addition,  
17 commencing on the date the Recognized Obligation Payment  
18 Schedule is valid pursuant to subdivision (l), the Recognized  
19 Obligation Payment Schedule shall supersede the Statement of  
20 Indebtedness, which shall no longer be prepared nor have any  
21 effect under the Community Redevelopment Law.

22 (4) Nothing in the act adding this part is to be construed as  
23 preventing a successor agency, with the prior approval of the  
24 oversight board, as described in Section 34179, from making  
25 payments for enforceable obligations from sources other than those  
26 listed in the Recognized Obligation Payment Schedule.

27 (5) From February 1, 2012, to July 1, 2012, a successor agency  
28 shall have no authority and is hereby prohibited from accelerating  
29 payment or making any lump-sum payments that are intended to  
30 prepay loans unless such accelerated repayments were required  
31 prior to the effective date of this part.

32 (b) Maintain reserves in the amount required by indentures,  
33 trust indentures, or similar documents governing the issuance of  
34 outstanding redevelopment agency bonds.

35 (c) Perform obligations required pursuant to any enforceable  
36 obligation.

37 (d) Remit unencumbered balances of redevelopment agency  
38 funds to the county auditor-controller for distribution to the taxing  
39 entities. In making the distribution, the county auditor-controller

1 shall utilize the same methodology for allocation and distribution  
2 of property tax revenues provided in Section 34188.

3 (e) Dispose of assets and properties of the former redevelopment  
4 agency as directed by the oversight board; provided, however, that  
5 the oversight board may instead direct the successor agency to  
6 transfer ownership of certain assets pursuant to subdivision (a) of  
7 Section 34181. The disposal is to be done in an expeditious but  
8 orderly manner that preserves the value of the asset. Proceeds from  
9 asset sales and related funds that are no longer needed for approved  
10 development projects or to otherwise wind down the affairs of the  
11 agency, each as determined by the oversight board, shall be  
12 transferred to the county auditor-controller for distribution as  
13 property tax proceeds under Section 34188.

14 (f) Enforce all former redevelopment agency rights for the  
15 benefit of the taxing entities, including, but not limited to,  
16 continuing to collect loans, rents, and other revenues that were due  
17 to the redevelopment agency.

18 (g) Effectuate transfer of housing functions and assets to the  
19 appropriate entity designated pursuant to Section 34176.

20 (h) Expeditiously wind down the affairs of the redevelopment  
21 agency pursuant to the provisions of this part and in accordance  
22 with the direction of the oversight board.

23 (i) Continue to oversee development of properties until the  
24 contracted work has been completed or the contractual obligations  
25 of the former redevelopment agency can be transferred to other  
26 parties. Bond proceeds shall be used for the purposes for which  
27 bonds were sold unless the purposes can no longer be achieved,  
28 in which case, the proceeds may be used to defease the bonds.

29 (j) Prepare a proposed administrative budget and submit it to  
30 the oversight board for its approval. The proposed administrative  
31 budget shall include all of the following:

32 (1) Estimated amounts for successor agency administrative costs  
33 for the upcoming six-month fiscal period.

34 (2) Proposed sources of payment for the costs identified in  
35 paragraph (1).

36 (3) Proposals for arrangements for administrative and operations  
37 services provided by a city, county, city and county, or other entity.

38 (k) Provide administrative cost estimates, from its approved  
39 administrative budget that are to be paid from property tax revenues

1 deposited in the Redevelopment Property Tax Trust Fund, to the  
2 county auditor-controller for each six-month fiscal period.

3 (l) (1) Before each six-month fiscal period, prepare a  
4 Recognized Obligation Payment Schedule in accordance with the  
5 requirements of this paragraph. For each recognized obligation,  
6 the Recognized Obligation Payment Schedule shall identify one  
7 or more of the following sources of payment:

8 (A) Low and Moderate Income Housing Fund.

9 (B) Bond proceeds.

10 (C) Reserve balances.

11 (D) Administrative cost allowance.

12 (E) The Redevelopment Property Tax Trust Fund, but only to  
13 the extent no other funding source is available or when payment  
14 from property tax revenues is required by an enforceable obligation  
15 or by the provisions of this part.

16 (F) Other revenue sources, including rents, concessions, asset  
17 sale proceeds, interest earnings, and any other revenues derived  
18 from the former redevelopment agency, as approved by the  
19 oversight board in accordance with this part.

20 (2) A Recognized Obligation Payment Schedule shall not be  
21 deemed valid unless all of the following conditions have been met:

22 (A) A draft Recognized Obligation Payment Schedule is  
23 prepared by the successor agency for the enforceable obligations  
24 of the former redevelopment agency by March 1, 2012. From  
25 January 1, 2012, to June 30, 2012, inclusive, the initial draft of  
26 that schedule shall project the dates and amounts of scheduled  
27 payments for each enforceable obligation, and shall be reviewed  
28 and certified, as to its accuracy, by an external auditor designated  
29 pursuant to Section 34182.

30 (B) The certified Recognized Obligation Payment Schedule is  
31 submitted to and duly approved by the oversight board.

32 (C) A copy of the approved Recognized Obligation Payment  
33 Schedule is submitted to the county auditor-controller and both  
34 the Controller's office and the Department of Finance and be posted  
35 on the successor agency's Internet Web site.

36 (3) The Recognized Obligation Payment Schedule shall be  
37 forward looking to the next six months. The first Recognized  
38 Obligation Payment Schedule shall be submitted to the Controller's  
39 office and the Department of Finance by April 15, 2012, for the  
40 period of January 1, 2012, to June 30, 2012, inclusive. However,

1 the first Recognized Obligation Payment Schedule submitted for  
2 the year may, if necessary, include the total amount of payments  
3 required for an enforceable obligation for the next two six-month  
4 periods and, in the case of debt obligations, may include, if  
5 necessary, the amount of the annual debt service, reserve set-asides,  
6 and any other amounts required under indenture or similar  
7 documents. Former redevelopment agency enforceable obligation  
8 payments due, and reasonable or necessary administrative costs  
9 due or incurred, prior to January 1, 2012, shall be made from  
10 property tax revenues received in the spring of 2011 property tax  
11 distribution, and from other revenues and balances transferred to  
12 the successor agency.

13 SEC. 5. Section 34179 of the Health and Safety Code is  
14 amended to read:

15 34179. (a) Each successor agency shall have an oversight  
16 board composed of seven members. The members shall elect one  
17 of their members as the chairperson and shall report the name of  
18 the chairperson and other members to the Department of Finance  
19 on or before May 1, 2012. Members shall be selected as follows:

20 (1) One member appointed by the county board of supervisors.

21 (2) One member appointed by the mayor for the city that formed  
22 the redevelopment agency.

23 (3) One member appointed by the special district having the  
24 largest property tax share within the redevelopment project areas  
25 of the former redevelopment agency, which is of the type of special  
26 district that is eligible to receive property tax revenues pursuant  
27 to Section 34188.

28 (4) One member appointed by the county superintendent of  
29 education to represent schools if the superintendent is elected. If  
30 the county superintendent of education is appointed, then the  
31 appointment made pursuant to this paragraph shall be made by the  
32 county board of education.

33 (5) One member appointed by the Chancellor of the California  
34 Community Colleges to represent community college districts in  
35 the county.

36 (6) One member of the public appointed by the county board  
37 of supervisors.

38 (7) One member representing the employees of the former  
39 redevelopment agency appointed by the mayor or chair of the  
40 board of supervisors, as the case may be, from the recognized

1 employee organization representing the largest number of former  
2 redevelopment agency employees employed by the successor  
3 agency at that time. In the case where city or county employees  
4 performed administrative duties of the former redevelopment  
5 agency, the appointment shall be made from the recognized  
6 employee organization representing those employees. If a  
7 recognized employee organization does not exist for either the  
8 employees of the former redevelopment agency or the city or  
9 county employees performing administrative duties of the former  
10 redevelopment agency, the appointment shall be made from among  
11 the employees of the successor agency. In voting to approve a  
12 contract as an enforceable obligation, a member appointed pursuant  
13 to this paragraph shall not be deemed to be interested in the contract  
14 by virtue of being an employee of the successor agency or  
15 community for purposes of Section 1090 of the Government Code.

16 (8) If the county or a joint powers agency formed the  
17 redevelopment agency, then the largest city by acreage in the  
18 territorial jurisdiction of the former redevelopment agency may  
19 select one member. If there are no cities with territory in a project  
20 area of the redevelopment agency, the county superintendent of  
21 education may appoint an additional member to represent the  
22 public.

23 (9) If there are no special districts of the type that are eligible  
24 to receive property tax pursuant to Section 34188, within the  
25 territorial jurisdiction of the former redevelopment agency, then  
26 the county may appoint one member to represent the public.

27 (10) Where a redevelopment agency was formed by an entity  
28 that is both a charter city and a county, the oversight board shall  
29 be composed of seven members selected as follows: three members  
30 appointed by the mayor of the city, where such appointment is  
31 subject to confirmation by the county board of supervisors, one  
32 member appointed by the largest special district, by property tax  
33 share, with territory in the territorial jurisdiction of the former  
34 redevelopment agency, which is the type of special district that is  
35 eligible to receive property tax revenues pursuant to Section 34188,  
36 one member appointed by the county superintendent of education  
37 to represent schools, one member appointed by the Chancellor of  
38 the California Community Colleges to represent community college  
39 districts, and one member representing employees of the former  
40 redevelopment agency appointed by the mayor of the city where

1 such an appointment is subject to confirmation by the county board  
2 of supervisors, to represent the largest number of former  
3 redevelopment agency employees employed by the successor  
4 agency at that time.

5 (b) The Governor may appoint individuals to fill any oversight  
6 board member position described in subdivision (a) that has not  
7 been filled by May 15, 2012, or any member position that remains  
8 vacant for more than 60 days.

9 (c) The oversight board may direct the staff of the successor  
10 agency to perform work in furtherance of the oversight board's  
11 duties and responsibilities under this part. The successor agency  
12 shall pay for all of the costs of meetings of the oversight board  
13 and may include such costs in its administrative budget. Oversight  
14 board members shall serve without compensation or reimbursement  
15 for expenses.

16 (d) Oversight board members shall have personal immunity  
17 from suit for their actions taken within the scope of their  
18 responsibilities as oversight board members.

19 (e) A majority of the total membership of the oversight board  
20 shall constitute a quorum for the transaction of business. A majority  
21 vote of the total membership of the oversight board is required for  
22 the oversight board to take action. The oversight board shall be  
23 deemed to be a local entity for purposes of the Ralph M. Brown  
24 Act, the California Public Records Act, and the Political Reform  
25 Act of 1974. All actions taken by the oversight board shall be  
26 adopted by resolution.

27 (f) All notices required by law for proposed oversight board  
28 actions shall also be posted on the successor agency's Internet  
29 Web site or the oversight board's Internet Web site.

30 (g) Each member of an oversight board shall serve at the  
31 pleasure of the entity that appointed such member.

32 (h) The Department of Finance may review an oversight board  
33 action taken pursuant to this part. As such, all oversight board  
34 actions shall not be effective for three business days, pending a  
35 request for review by the department. Each oversight board shall  
36 designate an official to whom the department may make such  
37 requests and who shall provide the department with the telephone  
38 number and email contact information for the purpose of  
39 communicating with the department pursuant to this subdivision.  
40 In the event that the department requests a review of a given

oversight board action, it shall have 10 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and such oversight board action shall not be effective until approved by the department. In the event that the department returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department.

(i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.

(j) Commencing on and after July 1, 2016, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board appointed as follows:

(1) One member may be appointed by the county board of supervisors.

(2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.

(3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.

(4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.

1 (5) One member may be appointed by the Chancellor of the  
2 California Community Colleges to represent community college  
3 districts in the county.

4 (6) One member of the public may be appointed by the county  
5 board of supervisors.

6 (7) One member may be appointed by the recognized employee  
7 organization representing the largest number of successor agency  
8 employees in the county.

9 (k) The Governor may appoint individuals to fill any oversight  
10 board member position described in subdivision (j) that has not  
11 been filled by July 15, 2016, or any member position that remains  
12 vacant for more than 60 days.

13 (l) Commencing on and after July 1, 2016, in each county where  
14 only one oversight board was created by operation of the act adding  
15 this part, then there will be no change to the composition of that  
16 oversight board as a result of the operation of subdivision (b).

17 (m) Any oversight board for a given successor agency shall  
18 cease to exist when all of the indebtedness of the dissolved  
19 redevelopment agency has been repaid.

20 SEC. 6. Section 34180 of the Health and Safety Code is  
21 amended to read:

22 34180. All of the following successor agency actions shall first  
23 be approved by the oversight board:

24 (a) The establishment of new repayment terms for outstanding  
25 loans where the terms have not been specified prior to the date of  
26 this part.

27 (b) Refunding of outstanding bonds or other debt of the former  
28 redevelopment agency by successor agencies in order to provide  
29 for savings or to finance debt service spikes; provided, however,  
30 that no additional debt is created and debt service is not accelerated.

31 (c) Entering into a financing agreement, including the issuance  
32 of bonds, to fund required payments under an enforceable  
33 obligation that exceed the amount of property tax revenue available  
34 to the successor agency during the payment period. This  
35 subdivision shall not be deemed to authorize a successor agency  
36 to create an additional enforceable obligation, as defined by this  
37 part, other than for necessary financing costs.

38 (d) Setting aside of amounts in reserves as required by  
39 indentures, trust indentures, or similar documents governing the  
40 issuance of outstanding redevelopment agency bonds.

1 (e) Merging of project areas.

2 (f) Continuing the acceptance of federal or state grants, or other  
3 forms of financial assistance from either public or private sources,  
4 where assistance is conditioned upon the provision of matching  
5 funds, by the successor entity as successor to the former  
6 redevelopment agency, in an amount greater than 5 percent of the  
7 total grant amount.

8 (g) (1) If a city, county, or city and county wishes to retain any  
9 properties or other assets for future redevelopment activities,  
10 funded from its own funds and under its own auspices, it must  
11 reach a compensation agreement with the other taxing entities to  
12 provide payments to them in proportion to their shares of the base  
13 property tax, as determined pursuant to Section 34188, for the  
14 value of the property retained.

15 (2) If no other agreement is reached on valuation of the retained  
16 assets, the value will be the fair market value as of the 2011  
17 property tax lien date as determined by the county assessor.

18 (h) Establishment of the Recognized Obligation Payment  
19 Schedule.

20 (i) A request by the successor agency to enter into an agreement  
21 with the city, county, or city and county that formed the  
22 redevelopment agency that it is succeeding.

23 (j) A request by a successor agency or taxing entity to pledge,  
24 or to enter into an agreement for the pledge of, property tax  
25 revenues pursuant to subdivision (b) of Section 34178.

26 (k) A loan between a city, county, or city and county and a  
27 redevelopment agency as an enforceable obligation pursuant to  
28 subparagraph (C) of paragraph (2) of subdivision (d) of Section  
29 34171, provided that the oversight board makes a finding that the  
30 loan was for legitimate redevelopment purposes and conditions  
31 its approval on the loan being repaid to the city, county, or city  
32 and county in accordance with a defined schedule over a reasonable  
33 term of years at an interest rate not to exceed the interest rate earned  
34 by funds deposited into the Local Agency Investment Fund.

35 (l) The approval of temporary increases in the administrative  
36 cost allowance to carry out the requirements of an enforceable  
37 obligation, to cover litigation costs, or to maintain and preserve  
38 the value of assets while in the possession of the successor agency.

39 SEC. 7. Section 34181 of the Health and Safety Code is  
40 amended to read:

1     34181. The oversight board shall direct the successor agency  
2 to do all of the following:

3     (a) Compile a complete inventory of existing real property assets  
4 of the former redevelopment agency, by project area. The inventory  
5 shall include general categories of real property assets, the purpose  
6 for which they were originally acquired, the original purchase price  
7 of each asset and the estimated current market value. Prior to the  
8 disposal of any real property asset, the oversight board shall receive  
9 and review the inventory compiled by the successor agency, and  
10 adopt a policy or strategy for the disposal or transfer of such assets  
11 consistent with the requirements of subdivision (b).

12     (b) Dispose of all assets and properties of the former  
13 redevelopment agency that were funded by tax increment revenues  
14 of the dissolved redevelopment agency; provided, however, that  
15 the oversight board may instead direct the successor agency to  
16 transfer ownership of those assets that were constructed and used  
17 for a governmental purpose, such as roads, school buildings, parks,  
18 and fire stations, or are integral to the operation of a governmental  
19 purpose asset, such as a parking facility, to the appropriate public  
20 jurisdiction pursuant to existing agreements, if any, relating to the  
21 construction or use of such an asset. Any compensation to be  
22 provided to the successor agency for the transfer of the asset shall  
23 be governed by agreements, if any, relating to the construction or  
24 use of that asset. Disposal shall be done in an expeditious but  
25 orderly manner that preserves the value of the asset.

26     (c) Cease performance in connection with and terminate all  
27 existing agreements that do not qualify as enforceable obligations.

28     (d) Transfer housing responsibilities and all rights, powers,  
29 duties, and obligations, including any amounts on deposit in the  
30 Low and Moderate Income Housing Fund to the appropriate entity  
31 pursuant to Section 34176.

32     (e) Terminate any agreement, between the dissolved  
33 redevelopment agency and any public entity located in the same  
34 county, obligating the redevelopment agency to provide funding  
35 for any debt service obligations of the public entity or for the  
36 construction or operation of facilities owned or operated by such  
37 public entity, in any instance where the oversight board has found  
38 that early termination would be in the best interests of the taxing  
39 entities.

(f) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities.

SEC. 8. Section 34182 of the Health and Safety Code is amended to read:

34182. (a) (1) The county auditor-controller shall conduct or cause to be conducted an agreed-upon procedures audit of each redevelopment agency in the county that is subject to this part, to be completed by July 1, 2012.

(2) The purpose of the audits shall be to establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's passthrough payment obligations to other taxing agencies, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and certify the initial Recognized Obligation Payment Schedule.

(3) The county auditor-controller may charge the Redevelopment Property Tax Trust Fund for any costs incurred by the county auditor-controller pursuant to this part.

(b) By July 15, 2012, the county auditor-controller shall provide the Controller's office a copy of all audits performed pursuant to this section. The county auditor-controller shall maintain a copy of all documentation and working papers for use by the Controller.

(c) (1) The county auditor-controller shall determine the amount of property taxes that would have been allocated to each redevelopment agency in the county had the redevelopment agency not been dissolved pursuant to the operation of the act adding this part. These amounts are deemed property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution and are available for allocation and distribution in accordance with the provisions of the act adding this part. The county auditor-controller shall calculate the property tax revenues using current assessed values on the last equalized roll on August 20, pursuant to Section 2052 of the Revenue and

1 Taxation Code, and pursuant to statutory formulas or contractual  
2 agreements with other taxing agencies, as of the effective date of  
3 this section, and shall deposit that amount along with unitary and  
4 supplemental tax increment due to the former redevelopment  
5 agency in the Redevelopment Property Tax Trust Fund.

6 (2) Each county auditor-controller shall administer the  
7 Redevelopment Property Tax Trust Fund for the benefit of the  
8 holders of former redevelopment agency enforceable obligations  
9 and the taxing entities that receive passthrough payments and  
10 distributions of property taxes pursuant to this part.

11 (3) In connection with the allocation and distribution by the  
12 county auditor-controller of property tax revenues deposited in the  
13 Redevelopment Property Tax Trust Fund, in compliance with this  
14 part, the county auditor-controller shall prepare estimates of  
15 amounts to be allocated and distributed, and provide those estimates  
16 to both the entities receiving the distributions and the Department  
17 of Finance, no later than November 1 and May 1 of each year.

18 (4) Each county auditor-controller shall disburse proceeds of  
19 asset sales or reserve balances, which have been received from the  
20 successor entities pursuant to Sections 34177 and 34187, to the  
21 taxing entities. In making such a distribution, the county  
22 auditor-controller shall utilize the same methodology for allocation  
23 and distribution of property tax revenues provided in Section  
24 34188.

25 (d) By October 1, 2012, the county auditor-controller shall report  
26 the following information to the Controller's office and the Director  
27 of Finance:

28 (1) The sums of property tax revenues remitted to the  
29 Redevelopment Property Tax Trust Fund related to each former  
30 redevelopment agency.

31 (2) The sums of property tax revenues remitted to each agency  
32 under paragraph (1) of subdivision (a) of Section 34183.

33 (3) The sums of property tax revenues remitted to each successor  
34 agency pursuant to paragraph (2) of subdivision (a) of Section  
35 34183.

36 (4) The sums of property tax revenues paid to each successor  
37 agency pursuant to paragraph (3) of subdivision (a) of Section  
38 34183.

1 (5) The sums paid to each city, county, and special district, and  
2 the total amount allocated for schools pursuant to paragraph (4)  
3 of subdivision (a) of Section 34183.

4 (6) Any amounts deducted from other distributions pursuant to  
5 subdivision (b) of Section 34183.

6 (e) A county auditor-controller may charge the Redevelopment  
7 Property Tax Trust Fund for the costs of administering the  
8 provisions of this part.

9 (f) The Controller may audit and review any county  
10 auditor-controller action taken pursuant to the act adding this part.  
11 As such, all county auditor-controller actions shall not be effective  
12 for three business days, pending a request for review by the  
13 Controller. In the event that the Controller requests a review of a  
14 given county auditor-controller action, he or she shall have 10 days  
15 from the date of his or her request to approve the county  
16 auditor-controller's action or return it to the county  
17 auditor-controller for reconsideration and such county  
18 auditor-controller action shall not be effective until approved by  
19 the Controller. In the event that the Controller returns the county  
20 auditor-controller's action to the county auditor-controller for  
21 reconsideration, the county auditor-controller must resubmit the  
22 modified action for Controller approval and such modified county  
23 auditor-controller action shall not become effective until approved  
24 by the Controller.

25 SEC. 9. Section 34183 of the Health and Safety Code is  
26 amended to read:

27 34183. (a) Notwithstanding any other law, from February 1,  
28 2012, to July 1, 2012, and for each fiscal year thereafter, the county  
29 auditor-controller shall, after deducting administrative costs  
30 allowed under Section 34182 and Section 95.3 of the Revenue and  
31 Taxation Code, allocate moneys in each Redevelopment Property  
32 Tax Trust Fund as follows:

33 (1) Subject to any prior deductions required by subdivision (b),  
34 first, the county auditor-controller shall remit from the  
35 Redevelopment Property Tax Trust Fund to each local agency and  
36 school entity an amount of property tax revenues in an amount  
37 equal to that which would have been received under Section 33401,  
38 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections  
39 read on January 1, 2011, or pursuant to any passthrough agreement  
40 between a redevelopment agency and a taxing jurisdiction that

1 was entered into prior to January 1, 1994, that would be in force  
2 during that fiscal year, had the redevelopment agency existed at  
3 that time. The amount of the payments made pursuant to this  
4 paragraph shall be calculated solely on the basis of passthrough  
5 payment obligations, existing prior to the effective date of this part  
6 and continuing as obligations of successor entities, shall occur no  
7 later than May 16, 2012, and no later than June 1, 2012, and each  
8 January 16 and June 1 thereafter. Notwithstanding subdivision (e)  
9 of Section 33670, that portion of the taxes in excess of the amount  
10 identified in subdivision (a) of Section 33670, which are  
11 attributable to a tax rate levied by a taxing agency for the purpose  
12 of producing revenues in an amount sufficient to make annual  
13 repayments of the principal of, and the interest on, any bonded  
14 indebtedness for the acquisition or improvement of real property  
15 shall be allocated to, and when collected shall be paid into, the  
16 fund of that taxing agency.

17 (2) (A) Second, on May 16, 2012, and June 1, 2012, and each  
18 January 16 and June 1 thereafter, to each successor agency for  
19 payments listed in its Recognized Obligation Payment Schedule  
20 for the six-month fiscal period beginning January 1, 2012, or July  
21 1, 2012, and each January 16 and June 1 thereafter, in the following  
22 order of priority:

23 (i) Debt service payments scheduled to be made for tax  
24 allocation bonds.

25 (ii) Payments scheduled to be made on revenue bonds, but only  
26 to the extent the revenues pledged for them are insufficient to make  
27 the payments and only where the agency's tax increment revenues  
28 were also pledged for the repayment of the bonds.

29 (iii) Payments scheduled for other debts and obligations listed  
30 in the Recognized Obligation Payment Schedule that are required  
31 to be paid from former tax increment revenue.

32 (B) For purposes of allocations made pursuant to this paragraph,  
33 the auditor-controller shall reserve additional funds in the  
34 Redevelopment Property Tax Trust Fund at the time of the January  
35 16 allocation, if necessary, to cover payments made in the second  
36 half of the calendar year, as described in the Recognized Obligation  
37 Payment Schedule, that are in excess of the amounts anticipated  
38 to be deposited in the Redevelopment Property Tax Trust Fund  
39 from the allocation that is received in May or June.

1 (3) Third, on May 16, 2012, and June 1, 2012, and each January  
2 16 and June 1 thereafter, to each successor agency for the  
3 administrative cost allowance, as defined in Section 34171, for  
4 administrative costs set forth in an approved administrative budget  
5 for those payments required to be paid from former tax increment  
6 revenues.

7 (4) Fourth, on May 16, 2012, and June 1, 2012, and each January  
8 16 and June 1 thereafter, any moneys remaining in the  
9 Redevelopment Property Tax Trust Fund after the payments and  
10 transfers authorized by paragraphs (1) to (3), inclusive, shall be  
11 distributed to local agencies and school entities in accordance with  
12 Section 34188.

13 (b) If the successor agency reports, no later than April 1, 2012,  
14 and May 1, 2012, and each December 1 and May 1 thereafter, to  
15 the county auditor-controller that the total amount available to the  
16 successor agency from the Redevelopment Property Tax Trust  
17 Fund allocation to that successor agency's Redevelopment  
18 Obligation Retirement Fund, from other funds transferred from  
19 each redevelopment agency, and from funds that have or will  
20 become available through asset sales and all redevelopment  
21 operations, are insufficient to fund the payments required by  
22 paragraphs (1) to (3), inclusive, of subdivision (a) in the next  
23 six-month fiscal period, the county auditor-controller shall notify  
24 the Controller and the Department of Finance no later than 10 days  
25 from the date of that notification. The county auditor-controller  
26 shall verify whether the successor agency will have sufficient funds  
27 from which to service debts according to the Recognized  
28 Obligation Payment Schedule and shall report the findings to the  
29 Controller. If the Controller concurs that there are insufficient  
30 funds to pay required debt service, the amount of the deficiency  
31 shall be deducted first from the amount remaining to be distributed  
32 to taxing entities pursuant to paragraph (4), and if that amount is  
33 exhausted, from amounts available for distribution for  
34 administrative costs in paragraph (3). If an agency, pursuant to the  
35 provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,  
36 33681.15, or 33688, made passthrough payment obligations  
37 subordinate to debt service payments required for enforceable  
38 obligations, funds for servicing bond debt may be deducted from  
39 the amounts for passthrough payments under paragraph (1), as  
40 provided in those sections, but only to the extent that the amounts

1 remaining to be distributed to taxing entities pursuant to paragraph  
2 (4) and the amounts available for distribution for administrative  
3 costs in paragraph (3) have all been exhausted.

4 (c) The county treasurer may loan any funds from the county  
5 treasury that are necessary to ensure prompt payments of  
6 redevelopment agency debts.

7 (d) The Controller may recover the costs of audit and oversight  
8 required under this part from the Redevelopment Property Tax  
9 Trust Fund by presenting an invoice therefor to the county  
10 auditor-controller who shall set aside sufficient funds for and  
11 disburse the claimed amounts prior to making the next distributions  
12 to the taxing jurisdictions pursuant to Section 34188. Subject to  
13 the approval of the Director of Finance, the budget of the Controller  
14 may be augmented to reflect the reimbursement, pursuant to  
15 Section 28.00 of the Budget Act.

16 SEC. 10. Section 34187 of the Health and Safety Code is  
17 amended to read:

18 34187. Commencing May 1, 2012, whenever a recognized  
19 obligation that had been identified in the Recognized Payment  
20 Obligation Schedule is paid off or retired, either through early  
21 payment or payment at maturity, the county auditor-controller  
22 shall distribute to the taxing entities, in accordance with the  
23 provisions of the Revenue and Taxation Code, all property tax  
24 revenues that were associated with the payment of the recognized  
25 obligation to the extent not currently required for the payment of  
26 other recognized obligations.

27 SEC. 11. Section 34189 of the Health and Safety Code is  
28 amended to read:

29 34189. (a) Commencing on the effective date of this part, all  
30 provisions of the Community Redevelopment Law that depend on  
31 the allocation of tax increment to redevelopment agencies,  
32 including, but not limited to, Sections 33445, 33640, 33641, 33645,  
33 and subdivision (b) of Section 33670, shall be inoperative.

34 (b) To the extent that a provision of Part 1 (commencing with  
35 Section 33000), Part 1.5 (commencing with Section 34000), Part  
36 1.6 (commencing with Section 34050), and Part 1.7 (commencing  
37 with Section 34100) conflicts with this part, the provisions of this  
38 part shall control. Further, if a provision of Part 1 (commencing  
39 with Section 33000), Part 1.5 (commencing with Section 34000),  
40 Part 1.6 (commencing with Section 34050), or Part 1.7

1 (commencing with Section 34100) provides an authority that the  
2 act adding this part is restricting or eliminating, the restriction and  
3 elimination provisions of the act adding this part shall control.

4 (c) It is intended that the provisions of this part shall be read in  
5 a manner as to avoid duplication of payments.

6 SEC. 12. This act is an urgency statute necessary for the  
7 immediate preservation of the public peace, health, or safety within  
8 the meaning of Article IV of the Constitution and shall go into  
9 immediate effect. The facts constituting the necessity are:

10 In order to effectuate the orderly implementation of  
11 responsibilities associated with dissolved redevelopment agencies,  
12 it is necessary that this act take immediate effect.